



Special Inspector General for Iraq Reconstruction

Applying Iraq's Hard Lessons to the Reform of Stabilization and Reconstruction Operations February 2010

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Introduction

I am certainly not an advocate for frequent and untried changes in laws and constitutions. I think moderate imperfections had better be borne with; because, when once known, we accommodate ourselves to them, and find practical means of correcting their ill effects. But I know also, that laws and institutions must go hand in hand with the progress of the human mind. As that becomes more developed, more enlightened, as new discoveries are made, new truths disclosed, and manners and opinions change with the change of circumstances, institutions must advance also, and keep pace with the times.¹

—Thomas Jefferson

This paper addresses—and proposes an answer to—the question of who should be accountable for planning, managing, and executing stabilization and reconstruction operations (SROs). The U.S. government’s existing approach provides no clear answer. Responsibilities for SROs are divided among several agencies, chiefly the Department of State (State), the Department of Defense (Defense), and the United States Agency for International Development (USAID). As a result, lines of responsibility and accountability are not well-defined.

The lack of an established SRO management system forced the U.S. government to respond to challenges in Iraq through a series of *ad hoc* agencies that oversaw stabilization and reconstruction activities with—unsurprisingly—generally unsatisfactory outcomes. This paper suggests a new and comprehensive solution, comprising a collection of targeted operational reforms and the creation of an integrated management office—the U.S. Office for Contingency Operations (USOCO)—that would be accountable for planning and executing SROs.

After reviewing a draft of this report, the Departments of State and Defense found many of the specific recommendations useful. However, though viewing USOCO as an interesting and timely concept, the departments did not endorse it as a unified solution. They believe that the existing SRO management structure, which diffuses duties between and among varying agencies, is preferable to implementing a new, consolidated system. Further, Defense does not think that the Congress currently has the appetite for creating a new office like USOCO, and State believes that SRO problems chiefly arise from insufficient resources and not management weaknesses. State asserted

that the contingent approach now in place, albeit somewhat improvisational, is preferable to a more clearly defined and unified structure. The departments' comments are attached in an appendix.

Over the past decade, the United States has been involved in complex SROs in Iraq and Afghanistan. These operations have demanded levels of interagency coordination and integration that the U.S. government could not meet, thereby exposing structural weaknesses in SRO planning and management. In Iraq, significant interagency breakdowns led to the waste of countless taxpayer dollars. SIGIR documented notable examples of these breakdowns in audit and inspection reports, identifying management failures and myriad instances of waste, fraud, and abuse. Taken together, these reports constitute a body of evidence buttressing this paper's argument for a more comprehensive reform of SRO planning and execution.

The extensive work on SROs by think tanks and government organizations reveals a generally held recognition of the civilian/military integration problem.² Several significant legislative and executive branch initiatives implemented in recent years have sought to redress the problem, including programs led by State's Office of the Coordinator for Reconstruction and Stabilization (S/CRS) and Defense's Partnership Strategy and Stability Operations office. Notwithstanding these efforts, the various reforms, as realized to date, have yet to yield a sufficient remedy.

This paper is divided into three parts. Part I provides a brief background on SROs. Part II posits ten targeted reforms that could improve SRO execution. Part III proposes a new structural solution to address the weaknesses in SRO planning and management: the U. S. Office for Contingency Operations. Implementing the targeted reforms would address some of the existing shortcomings in contingency operations, but creating USOCO might provide an elusive "unified theory" for solving the persistent challenges that continue to daunt SRO management.

USOCO would clarify several important matters. First, regarding accountability, it would bear the full authority and responsibility for all SRO planning and execution. Second, regarding results, USOCO would be responsible for all project and program decision-making and outcomes. In sum, USOCO would be answerable for every aspect of an SRO, from preparation to implementation, through to conclusion.

Part I: Background on Stabilization and Reconstruction Operations

Stabilization and reconstruction operations:

straddle an uncomfortable perch between conventional war-fighting and traditional development assistance, both of which—and particularly the former—the United States can do well. These operations require a mix of skills and training addressing a range of issues, including establishing public security and the rule of law, facilitating political transitions, rebuilding infrastructure, and jumpstarting economic recovery. To complicate matters, stabilization and reconstruction missions must operate in far more demanding and often hostile environments than do traditional economic development programs. And they face narrow windows of opportunity to produce results. Stabilization and reconstruction encompasses military and civilian activities across the full spectrum of a conflict.³

The United States has engaged in about 15 SROs since World War II, most of which required significant U.S.-funded relief and reconstruction activities.⁴ Table 1 lists the duration and expense of these operations, the majority of which have occurred within the past 20 years. This past decade's operations in Iraq were the first to receive special inspector general oversight. The lessons learned from that oversight provide insight into the U.S. approach to managing SROs, and they underscore the need for reform.

A Brief History of SRO Reforms

During the mid-1990s, in response to disjointed contingency operations in Somalia, Haiti, and Bosnia, the U.S. government developed a new approach for managing complex contingency operations. A presidential directive established a useful framework for SRO reform, but it failed to effect enduring institutional change. After a subsequent policy shift away from “nation-building,” the reality of continuing engagements in the Middle East and Southwest Asia forced renewed reform efforts, yielding new presidential directives and concomitant congressional actions seeking to improve SRO planning, management, and oversight.

A chronological recounting of steps taken by the U.S. government to address SROs will place the reforms proposed in this paper in proper context.

May 1997: Presidential Decision Directive 56

In May 1997, based on lessons learned in Somalia and Haiti, President Bill Clinton signed Presidential Decision Directive (PDD) 56, entitled *Managing Complex Contingency Operations*. This directive created

TABLE 1

U.S. ASSISTANCE FOR STABILITY AND RECONSTRUCTION OPERATIONS

Total Obligated Assistance, 2009 \$ Millions

OPERATION	DURATION	TOTAL OBLIGATIONS
Iraq	2003–present	48,906.11
Germany	1946–1952	32,994.60
Afghanistan	2001–present	30,806.65
Japan	1946–1952	17,214.00
Bosnia	1995–present	2,461.59
Kosovo	1999–present	1,312.68
Dominican Republic	1965–1967	1,269.47
Panama	1989–1995	739.70
Haiti	1994–1996	499.62
Lebanon	1982–1984	420.93
Somalia	1992–1994	305.10
Grenada	1983–1984	89.81
Cambodia	1992–1993	84.46

Note: The USAID *Greenbook* does not contain 2006–2007 data for Kosovo; values are instead taken from FY 2008 and FY 2009 *Congressional Budget Justifications for Foreign Operations*. Estimates of FY 2009 obligations for Bosnia and Herzegovina and Kosovo are taken from the FY 2010 *Congressional Budget Justification for Foreign Operations*. SIGAR does not aggregate fiscal year obligations in its *Quarterly Report*; values are taken from the USAID *Greenbook* and the October 2010 SIGAR *Quarterly Report*. Total obligations for ongoing SROs current through the end of FY 2009.

Sources: USAID, *U.S. Overseas Loans and Grants (Greenbook)*, 2010, accessed 2/12/2010; DoS, *Congressional Budget Justification for Foreign Operations*, 2008, p. 418; DoS, *Congressional Budget Justification for Foreign Operations*, 2009, Country/Account Summary; DoS, *Congressional Budget Justification for Foreign Operations*, 2010, Country/Account Summary; SIGIR, *Quarterly Report to the United States Congress*, 10/2009; SIGAR, *Quarterly Report to the United States Congress*, 10/2009.

new planning and implementation mechanisms for complex contingencies, requiring agencies to review the adequacy of their management structures, legal authorities, budget levels, personnel systems, and operational procedures “to ensure that we, as a government, are learning from our experiences with complex contingency operations and institutionalizing the lessons learned.”⁵ To create a “cadre of professionals familiar with this integrated planning process,” PDD-56 encouraged agencies to disseminate the *Handbook for Interagency Management of Complex Contingency Operations* published by the Defense Department.⁶

Although PDD-56 addressed the urgent need for SRO reform, its provisions were never truly implemented due to “internal bureaucratic resistance.”⁷ Ultimately, the directive was abandoned by President George W. Bush in early 2001, underscoring the need to pursue SRO reform by more than presidential directives, which may not have legally enduring effect.⁸

January 2003: National Security Presidential Directive 24, Post-War Iraq Reconstruction

On January 20, 2003, less than 60 days before the invasion of Iraq, President Bush signed National Security Presidential Directive (NSPD) 24 on post-war Iraq reconstruction. At the urging of Secretary of Defense Donald Rumsfeld, NSPD-24 placed the Defense Department in exclusive charge of managing Iraq’s post-war relief and reconstruction, supplanting the ongoing interagency planning process.⁹ The directive created the Office of Reconstruction and Humanitarian Assistance (ORHA), charging it with planning, overseeing, and executing relief and reconstruction activities in Iraq. ORHA was never able to establish sufficient capacity to operate effectively, and, within six weeks of the March 20 invasion, the Coalition Provisional Authority (CPA) had superseded and subsumed it.¹⁰

Both ORHA and CPA lacked sufficient personnel, contracting, information technology, and financial resources to carry out their respective missions. Moreover, neither was created with an organic inspector general to oversee the expenditure of funds. Much fraud, waste, and abuse might have been avoided had adequate oversight been institutionalized from the outset of operations in Iraq.

May 2004: National Security Presidential Directive 36, United States Government Operations in Iraq

In May 2004, President Bush signed National Security Presidential Directive 36, entitled *United States Government Operations in Iraq*. Superseding NSPD-24, this new directive formally transferred responsibilities for relief and reconstruction operations in Iraq from CPA/Defense to State, placing the Chief of Mission in charge of the Iraq reconstruction program. It also established two new temporary organizations to manage ongoing programs and projects: the Iraq Reconstruction Management Office (IRMO), within State, and the Project and Contracting Office (PCO), within Defense. IRMO was charged with facilitating transition in Iraq, while PCO provided acquisition and project management support.

Ambiguities in NSPD-36 bred coordination problems among State, USAID, and Defense and, one level down, among IRMO, PCO, and the U.S. Army Corps of Engineers Gulf Region Division. Lines of command and communication became blurred and crossed, in part, because Defense continued to control most of the contracting for the reconstruction program and, in part, because State had neither the capacity nor the experience to manage so large a reconstruction effort.

July 2004: Creation of State/Coordinator for Reconstruction and Stabilization

In July 2004, the State Department created the Office of the Coordinator for Reconstruction and Stabilization (S/CRS), which was endorsed by the Congress in the Consolidated Appropriations Act of 2005.¹¹ Charged with promoting a “whole-of-government” approach to stabilization and reconstruction operations, S/CRS’s core mission is to “lead, coordinate, and institutionalize U.S. government civilian capacity to prevent or prepare for post-conflict situations, and to help stabilize and reconstruct societies in transition from conflict or civil strife, so they can reach a sustainable path toward peace, democracy, and a market economy.”¹²

S/CRS has accomplished several notable initiatives. It established the Post-Conflict Reconstruction Essential Task Matrix, which specified the many tasks involved in reconstruction and stabilization operations. It developed a database of deployable civilians and worked with the Joint Forces Command on a feasibility study for the Civilian Response Corps.¹³ It led government planning for potential contingency efforts in several

countries, including Sudan, Haiti, and Cuba. But, until 2009, S/CRS had not engaged in supporting the SROs in Iraq and Afghanistan. In comments to this paper, the State Department said that “in 2009, S/CRS deployed 65 members of the Civilian Response Corps and S/CRS staff to support Embassy Kabul and the civilian increases in Afghanistan.”

For various reasons, S/CRS has yet to realize its potential. The causes of S/CRS’s limited progress include the failure to receive adequate funding, the lack of a timely and sufficiently strong enabling authority, the lack of interagency acceptance, its early decision to not focus on Iraq and Afghanistan, and its marginalization within State’s bureaucracy. State commented that the development of S/CRS, like Defense’s Goldwater-Nichols reform in the 1980s, will take years to implement.¹⁴

November 2005: *Department of Defense Directive 3000.05*

On November 28, 2005, the Defense Department issued Defense Directive 3000.05, entitled *Military Support for Stability, Security, Transition, and Reconstruction Operations*. The directive committed the Pentagon to developing robust stability operations doctrine, resources, and capacities, defining stability operations as military and civilian activities conducted across the spectrum from peace to war and designed to establish and maintain order.¹⁵ Significantly, Directive 3000.05 provided that such operations are a “core U.S. military mission” that must receive emphasis comparable to offensive and defensive operations. Since its issuance, the directive has bred the development of a substantial stability operations capability within the military; but the integration of this capability with the civilian side of SROs remains insufficient.

December 2005: *National Security Presidential Directive 44, Management of Interagency Efforts Concerning Reconstruction and Stabilization*

In December 2005, President Bush signed National Security Presidential Directive 44, entitled *Management of Interagency Efforts Concerning Reconstruction and Stabilization*. Premised on the principle that “reconstruction and stabilization are more closely tied to foreign policy leadership and diplomacy than to military operations,”¹⁶ NSPD-44 sought to implement changes that would move planning and implementation

of SROs into the State Department's bailiwick.¹⁷ The President charged S/CRS to lead the development of a new SRO civilian capacity, including the integration of "stabilization and reconstruction contingency plans with military contingency plans when relevant and appropriate."¹⁸ NSPD-44 established a National Security Council (NSC) Policy Coordination Committee for Reconstruction and Stabilization Operations, co-chaired by the Coordinator for S/CRS and a member of the NSC staff, directing it to manage the development, implementation, and coordination of SRO policies.

March 2007: *Interagency Management System*

In March 2007, the NSC Deputies Committee approved the Interagency Management System (IMS) to implement a "whole-of-government" approach for SROs that would "provide policymakers in Washington, Chiefs of Mission, and military commanders with flexible tools to achieve integrated planning processes for unified U.S. Government strategic and implementation plans, including: funding requests; joint interagency field deployments; and a joint civilian operations capability."¹⁹ The IMS has three main components: the Country Reconstruction and Stabilization Group (CRSG); the Integration Planning Cell (IPC); and the Advance Civilian Teams (ACT).²⁰ The CRSG is designed as an NSC-managed decision-making body to oversee SROs, co-chaired by the relevant regional assistant secretary from State, the S/CRS Coordinator, and the applicable NSC official. Notably, Defense does not have a co-chair position on the CRSG.²¹ Though approved nearly three years ago, the CRSG has yet to become effectively operational. At the tactical level, the IMS anticipated the development of rapidly deployable ACTs as well as an interagency SRO oversight group (the IPC) that would deploy and manage ongoing contingency operations. Like the CRSG, neither the ACTs nor the IPC is operational as conceived.

The IMS has yet to garner significant support from the interagency community. An October 2007 Government Accountability Office (GAO) report on the IMS concluded that "some interagency partners stated that the framework's planning process is cumbersome and too time consuming for the results it produces. While steps have been taken to address concerns and strengthen the framework's effectiveness, differences in planning capacities and procedures among U.S.

government agencies may pose obstacles to effective coordination.”²² GAO further found that, because the IMS planning process had neither improved outcomes nor increased resources, “some offices and agencies have expressed reluctance to work with S/CRS on future stabilization and reconstruction plans.”²³

According to State, the IMS has been “robustly exercised” at U.S. Southern Command and U.S. Joint Forces Command training events, and “components of the framework have been employed in real world situations, such as the 2008 crisis in Georgia.”²⁴ The U.S. European Command, the U.S. Army Europe, and S/CRS used the IMS during the “Austere Challenge” exercise in April 2009.²⁵

February 2008: *Civilian Stabilization Initiative*

Led by S/CRS, the Civilian Stabilization Initiative (CSI) comprises an Active Response Corps (under development with 250 positions projected), a Civilian Response Corps (2,000 positions projected), and a Standby Reserve Corps (not funded).²⁶ In June 2008, S/CRS and USAID received the first appropriation (\$65 million) for CSI capacity, and in March 2009, the Congress provided \$75 million more.²⁷ The Administration requested \$323 million for FY 2010, and in December 2009, the Congress appropriated \$150 million in the Consolidated Appropriations Act of 2010. Future funding will be contingent upon S/CRS meeting the Congress’s desire to see the CSI demonstrate “efficient operations and measurable performance successes.”²⁸

July 2008: *USAID Civilian-Military Cooperation Policy*

USAID’s Civilian-Military Cooperation Policy (CMCP) established a basis for USAID cooperation with Defense in SRO joint planning, assessment and evaluation, training, implementation, and strategic communication.²⁹ A companion document, *Civilian-Military Cooperation Implementation Guidelines*, detailed functional areas for USAID and Defense cooperation, provided legal guidance on operational issues, and illustrated approaches for implementing this policy framework.³⁰

The CMCP names stabilization as a key element of USAID’s development mission,³¹ recognizing “that coordination with the DoD is one aspect of [USAID’s] vital role in U.S. national security, but it also

reiterates that DoD should not substitute for civilian capabilities.”³² New USAID Administrator Rajiv Shah testified that “USAID still needs to fill a critical shortage of experienced middle- and senior-level managers,” and “a shrinking USAID has had to increasingly rely on contractors to manage programs.”³³

October 2008: *Reconstruction and Stabilization Civilian Management Act of 2008*

In October 2008, President Bush signed the Duncan Hunter National Defense Authorization Act (NDAA) for FY 2009, which contained the Reconstruction and Stabilization Civilian Management Act of 2008 (RSCMA).³⁴ Effectively codifying S/CRS, RSCMA gave State the chief responsibility for planning and managing SROs, requiring it to develop a detailed interagency strategy for reconstruction and stabilization engagements. RSCMA authorized the establishment of a “Response Readiness Corps” to provide assistance in stabilization and reconstruction operations. The Act also provided for a Presidentially appointed and Senate-confirmed Coordinator to lead the organization.

Prior to passing under the FY 2009 NDAA, RSCMA had faced stiff resistance in the Congress as a stand-alone bill, having been introduced but failing to pass in the 108th, 109th, and 110th Congresses. Since its passage as part of the NDAA, implementation of RSCMA’s provisions has been limited.³⁵

October 2008: *Center for Complex Operations*

The NDAA for FY 2009 authorized Defense to establish, with support from State and USAID, a Center for Complex Operations (CCO) to serve as an information clearing-house on complex contingency operations and to develop an SRO training and education community.³⁶ Since January 2009, the CCO has been housed at the National Defense University.³⁷ Its mission is to:

- coordinate interagency efforts to prepare for complex contingencies
- foster unity of effort on complex contingencies among U.S. departments and agencies, foreign governments and militaries, international organizations, and non-governmental organizations
- research and share lessons learned

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- identify the planning, resource, or management gaps relating to complex operations that exist in Defense and the broader interagency community³⁸

January 2009: *Department of Defense Directive 1404.10*

Deputy Secretary of Defense Gordon England signed Defense Directive 1404.10 on January 23, 2009, officially launching Defense’s Civilian Expeditionary Workforce (CEW).³⁹ The directive provided that the CEW “shall be organized, trained, cleared, equipped and ready to deploy in support of combat operations by the military; contingencies; emergency operations; humanitarian missions; disaster relief; restoration of order; drug interdiction; and stability operations.”⁴⁰ Civilians who sign up for CEW agree to deploy overseas in support of humanitarian, reconstruction and, if necessary, combat-support missions for up to two years.

July 2009: *State Department Quadrennial Diplomacy and Development Review*

On July 10, 2009, Secretary of State Hillary Rodham Clinton announced the inaugural State Department Quadrennial Diplomacy and Development Review (QDDR), paralleling Defense’s congressionally mandated Quadrennial Defense Review. The QDDR will provide a “comprehensive assessment for organizational reform and improvements to policy, strategy, and planning processes,” including:⁴¹

- a clear statement of U.S. foreign policy and development goals, and expected results
- the strategies necessary to achieve those results
- the tools and resources required to implement the strategies
- the means by which performance will be measured
- the links with the broader whole-of-government foreign policy framework⁴²

The QDDR is assessing the U.S. approach to SROs, including the integration of civil contingency response capacities with Defense.

August 2009: Presidential Study Directive on Global Development Policy

In late August 2009, President Barack Obama signed a Presidential Study Directive (PSD) authorizing National Security Advisor General James Jones and Chairman of the National Economic Council Lawrence Summers to lead a whole-of-government review of U.S. global development policy. The PSD process, while embracing matters far beyond contingencies, will help shape Administration policies regarding civil/military integration in SROs.

September 2009: *Department of Defense Instruction 3000.05*

Defense Instruction 3000.05 replaced Defense Directive 3000.05 as Defense policy on stability operations. It provided that, during SROs, the military shall support establishing civil security, restoring essential services, repairing and protecting infrastructure, and delivering humanitarian assistance “until such time as is feasible to transition lead responsibility to other U.S. governmental agencies, foreign governments and security forces, or international organizations.”⁴³ Defense Instruction 3000.05 emphasized the importance of integrating civilian and military efforts in preparing for and executing SROs.

December 2009: *Defense Proposal on Security Sector Assistance*

On December 15, 2009, Secretary of Defense Robert Gates sent a memorandum to Secretary Clinton suggesting “a new model of shared responsibility and pooled resources for cross-cutting security challenges” (reflecting an approach now employed by the United Kingdom). The proposal envisions a pooled-funding mechanism, requiring joint approval by Defense and State for support of SRO efforts in security, capacity building, stabilization, and conflict prevention.⁴⁴ This new approach would modify the current system of SRO funding. However, the creation of the Complex Crisis Fund in the President’s 2010 Budget may supersede this proposal.

Part II: Ten Targeted Reforms for Improving Stabilization and Reconstruction Operations

As a growing number of agencies broaden their scope internationally and add important expertise and capacity, even working in the same issue from different angles, coordination has lagged behind. The result is an array of programs that overlap or even contradict ... and this is a source of growing frustration and concern.⁴⁵

—Secretary of State Hillary Rodham Clinton
January 6, 2010

[SIGIR] correctly identifies under-funding, lack of capacity, and lack of authorities at the Department of State and U.S. Agency for International Development as the central obstacle[s] to an effective and flexible U.S. Government response to Stability and Reconstruction Operations.

—Under Secretary of Defense Michèle A. Flournoy,
Letter to SIGIR, January 27, 2010

Six years of SIGIR reports have uncovered a diverse array of issues in Iraq, including uncoordinated reconstruction management, poor program and project execution, and insufficient contract oversight. Many of the weaknesses exposed in SIGIR's reports could be mitigated by the implementation of the following ten targeted reforms. Where appropriate, the Congress should consider enacting legislation requiring compliance.

1. The NSC Should Lead SRO Doctrine and Policy Development

A Council on Foreign Relations Report, entitled *In the Wake of War: Improving U.S. Post-Conflict Capabilities*, suggested that “the National Security Advisor and his staff should be formally tasked with civilian-military coordination and establishing overarching policy associated with stabilization and reconstruction activities.”⁴⁶ Similarly, a Center for Strategic Studies (CSIS) report, entitled *Beyond Goldwater-Nichols: U.S. Government and Defense Reform for a New Strategic Era*, recommended that the NSC lead an interagency effort to develop formal SRO concepts of operations, fundamental goals and purposes, and basic organizing principles. The CSIS report stated that:

Interagency concepts of operation would articulate the United States' overarching objectives in a given mission area, identify critical tasks

The relevant agencies expected to participate in SROs should agree upon well-defined doctrine and policies to govern such operations. An NSC-led interagency task force should lead a new SRO doctrine and policy formulation process to identify the applicable missions, roles, responsibilities, and operating procedures for all SRO participants.

that need to be undertaken, lay out an overall approach to how these tasks would be performed, and assign responsibility for specific areas to specific agencies. These concepts of operation would provide the basis

for codifying an interagency division of labor in various mission areas and for better aligning agency authorities and resources with their operational responsibilities. They would also provide a basis for assessing agency capabilities to execute their assigned tasks, and developing action plans to remedy critical shortfalls.⁴⁷

The State Department's comments to this report noted that the NSC has responsibility for setting SRO policies.

On October 7, 2009, the U.S. Institute of Peace in collaboration with the U.S. Army's Peacekeeping and Stability Operations Institute unveiled the first strategic doctrine ever produced for civilian agencies involved in stabilization and reconstruction operations, noting that "strategic guidance for civilian planners and practitioners engaged in these missions is overdue."⁴⁸ An NSC-developed set of directives governing SROs has yet to be implemented.

2. Integrative SRO Planning Processes Should Be Developed

In analyzing the challenges of interagency planning for SROs, the Government Accountability Office concluded that:

differences between the planning capacities and procedures of U.S. government civilian agencies and the military pose obstacles to effective coordination.⁴⁹

Although some improvements in the interagency planning process have been made since the 2007 GAO report, civilian agencies still lack sufficient capacity to develop and implement integrated plans for SROs. The

Congress should consider directing Defense to provide resources and personnel that could bolster civilian planning capabilities. In addition to financial support, Defense could provide trained and experienced advisors to help guide civilian agencies through a planning heuristic, while respecting the agencies' jurisdiction.

State's comments regarding this proposal pointed to the Inter-agency Management System as the mechanism for integration. However, the IMS, although three years old, is not yet effectively operational.

All relevant agencies should work together to develop and implement integrated planning capabilities for SROs. Currently, there is “no systemic effort at strategic planning that is inclusive, deliberate, or integrative” for SROs.⁵³ Collaborative planning would yield better programs and improved project execution. Regular SRO planning exercises would develop interagency familiarity and understanding among participating personnel.

3. New SRO Budgeting Processes Should Be Developed

Effectively funding SROs requires an approach to national security resourcing that knocks down agency “stovepipes” and fosters an integrative approach. Critics of the U.S. government’s “outdated bureaucratic superstructure,” as Secretary Gates has called it, maintain that the current method of allocating national security resources is grossly inefficient.⁵⁰ Defense is the chief recipient of national security funding. In Iraq, approximately 75% of all SRO funding was appropriated to the Defense Department, with the balance spread among the civilian agencies.⁵¹

The Senate Report accompanying the National Defense Authorization Act for FY 2009 shed light on the consequences of this imbalance: “Defense funds are being used for urgent humanitarian and reconstruction assistance because the agencies normally responsible for those functions—State and USAID—are underfunded and lack authorities that allow for sufficient flexibility to respond to urgent, unanticipated requirements.”⁵²

Section 1207 of the NDAA, first authorized in 2006, has provided some financial flexibility regarding funding for SROs, but the implementation

The NSC and the Office of Management and Budget should work with the relevant agencies to develop potential SRO budget requirements. Developing budget requirements in advance of a contingency operation would give useful estimates of cost-levels that could profitably influence mission scope, help shape objectives, and enable better choices among potential courses of action. Moreover, advance cost estimates could provide policymakers with a basis for grappling with the budget implications of any potential SRO.⁵⁴

of programs and projects through this authority has proved problematic. The NDAA 2010 conference report amplified this point:

While the conferees believe that the increased coordination between the Department of Defense and Department of State resulting from the joint formulation and implementation of security and stabilization projects under the section 1207 authority has value, the conferees reaffirm that Congress has always intended for this transfer authority to be temporary and are disappointed that the Department of State has not yet achieved the capacity to fulfill its statutory requirements.⁵⁵

A December 15, 2009, Defense memo proposing Defense/State shared responsibilities for SRO resources called for a “single collocated staff of interagency detailees” to oversee and execute new SRO funding pools.⁵⁶ In its comments to SIGIR, State noted that the new “Complex Crisis Fund” included in the President’s 2010 Budget signals a move to transfer Section 1207 authority to the State Department, potentially superseding the Defense proposal.

The competing policies at play, as revealed by the conflict pools memo and the new Complex Crisis Fund, indicate that SRO funding and management issues are still very much in flux. Whatever the ultimate course, establishing clear lines of authority is essential to ensuring accountability for money and results. As the Iraq reconstruction program demonstrated, simply mandating that managers use reconstruction funds within a fixed time period will lead to poor outcomes.

4. Federal Personnel Laws Should Be Strengthened To Support SROs

The U.S. government is replete with personnel possessing significant professional experience who could prove highly useful in complex

Existing personnel regulations impede federal civilian participation in SROs. They should provide incentives, rather than penalties, for those volunteering to deploy. Incumbent federal employees who deploy in support of SROs must be allowed to return to their home agency upon completion of their mission without penalty.

contingencies. Future SROs should employ these valuable staffing resources more effectively. The federal competitive service system, however, does not provide incentives for agencies to detail employees to support SROs. The Congress should establish

deployment incentives for qualified federal employees and ensure the protection of their employment rights. The State Department endorsed this proposal in its comments to SIGIR.

Regardless of incentives, federal civilians will not be available in sufficient numbers to ensure an adequate civilian workforce for future SROs. Contractors thus will continue to fill essential roles. Given this reality, the U.S. government should better prepare to deploy qualified and properly overseen contractors from the outset of an SRO.

5. SRO Training Should Be Integrated and Enhanced

Several agencies have taken significant steps to improve joint SRO training, but the overall training picture is fragmented. State personnel regularly attend the Army War College, albeit in small numbers, while uniformed personnel have trained with S/CRS. Other SRO training initiatives are ongoing at State's Foreign Service Institute, the Army's Interagency Fellowship Program, the Peacekeeping and Stability Operations Institute, and Defense's Center for Complex Operations. Developing a more integrated training system would improve operational coordination. The State Department agreed with this proposal.

The Congress and the Administration should integrate (and increase funding for) SRO training programs. Unlike the military, civilians do not have much opportunity to pursue advanced training that would provide critical skills necessary for many of these SRO tasks.

6. Uniform Contingency Contracting Practices Should Be Adopted

SIGIR's reports repeatedly documented contingency contracting weaknesses in Iraq, from poor compliance with the Federal Acquisition Regulation (FAR) to *ad hoc* oversight systems that could not keep track of contracts. SIGIR found contracting entities that improvised systems and procedures to monitor contracts, and produced poor and incomplete contracting and procurement histories. These weaknesses led to fraud, waste, and abuse. As Secretary Gates aptly observed, "Contracting in Iraq was done willy-nilly."²⁵⁷ The Commission on Wartime Contracting underscored this point, noting that the "weaknesses in the federal contract management and oversight systems creat[ed] plentiful opportunities for waste, fraud, and abuse."²⁵⁸

In its *Lessons in Contracting and Procurement* report, SIGIR recommended that the provisions of the FAR most often used in contingency

operations be distilled into a single, accessible guide for use by all contracting officers operating in an SRO. OMB's Office of Federal Procurement Policy endorsed the use of streamlined procedures, simplified open-market competitions, and interagency acquisitions.⁵⁹

One of the chief causes of the contracting problems in Iraq stemmed from a decision that far pre-dated the invasion. The Department of the Army substantially reduced its acquisition workforce from over 10,000 people in 1990 to approximately 5,500 in 1996 in response to the Defense

The Congress and the Administration should implement new comprehensive contingency contracting procedures for use in SROs, expand the U.S. government's contingency contracting capacity, and pursue the institutionalization of special contracting programs that have worked in Iraq and Afghanistan. The success of an SRO depends in part on effectively employing the government's capacity to deliver services and materials in support of operations. Well-structured and properly tested contingency contracting procedures and a raft of well-qualified, warranted contracting officers would help ensure the proper use of taxpayer dollars during an SRO.

Authorization Act for FY 1996, which required a reduction in the Defense acquisition workforce by FY 2000.⁶⁰ This left the Army with a significant shortage of warranted contracting officers just as the largest overseas contracting program in U.S. history was beginning in 2003. The Army has taken steps to remedy its contracting problems, thanks in part to the Gansler Commission Report. The Department elevated the priority of expeditionary contracting

capabilities, adding 5 new Army general officer positions and more than 2,300 military and civilian contracting personnel. Deputy Secretary of Defense William Lynn also issued Defense Directive 3020.49 in March 2009, addressing the policy for program management in preparing and executing acquisitions for contingency operations.

The State Department experienced unprecedented contracting burdens in Iraq. Its internal oversight capabilities in theater did not always match up with its rapidly expanded responsibilities. A notable example has been the International Narcotics and Law Enforcement Affairs (INL) oversight of the \$2.5 billion police training program—where SIGIR concluded in its audit that “staffing had not increased with its workload.”⁶¹ As Secretary Clinton noted, “USAID and the State Department must have the staff, the expertise, and the resources to design, implement, and evaluate our programs.”⁶² State, however, does not currently have sufficient staff or systems to oversee its growing contracting responsibilities.

7. Permanent Oversight for SROs Should Be Created

Oversight is a critical core governmental function; but oversight of SROs has been an *ad hoc* process. Despite recognition that a convergence of hazardous conditions in SROs—including a cash environment, the desire for quick results, and unstable working conditions—create vulnerabilities for fraud, waste, and abuse; no permanent system for SRO oversight currently exists.

The U.S. government began spending huge sums of money in Iraq in 2003 without sufficient accounting processes in place. The significant fraud, waste, and abuse

that ensued might have been deterred or detected had there been a robust oversight capability in place from the outset. In 2003, the Congress created an office of inspector general to oversee the CPA's activities. This

The Congress should create an independent oversight office that would provide audit, inspection, evaluation, and investigative services for SROs.

A new Special Inspector General for Overseas Contingency Operations (SIGOCO) would possess the necessary jurisdiction and resources to ensure focused oversight of an SRO.

office became SIGIR in 2004, with the Congress gradually extending its mandate to include oversight of all U.S.-funded Iraq reconstruction activities. By contrast, no Special Inspector General was created for Afghanistan until 2008—\$38 billion and seven years into the program.

The challenges inherent in operating in SRO environments, the specialized nature of contingency contracting, and the sheer number of programs and projects requiring review militate in favor of creating a single standing oversight capability for all SROs. Because these contingency operations are necessarily interagency enterprises, the body charged with overseeing them should possess a mandate enabling it to audit, inspect, evaluate, and investigate programs and projects conducted by any agency present in theater.

The State Department commented that existing Inspector General (IG) offices are adequate to do the job. However, the existing IGs do not possess interagency authority, which could adversely affect their ability to evaluate programs and projects involving multiple U.S. agencies.

8. Uniform SRO Information Systems Should Be Developed

In Iraq, SIGIR found that federal agencies stored program, financial, and project data on different information management systems that did not have common output formats and did not have common data-refresh

cycles. The resulting inability of the U.S. government to accurately and quickly compile and sort disparate project data caused an inefficient allocation of resources and gross redundancies. Moreover, the lack of

Federal departments and agencies participating in overseas contingency operations need access to an interoperable integrated information technology system that can track all relief and reconstruction projects in theater. Years into the contingencies in Afghanistan and Iraq, stovepiped IT systems are still incompatible and thus track only about 70% of all projects constructed.

common information management tools capable of providing a complete and integrated reconstruction picture prevented reconstruction managers from having a useful data-set covering all reconstruction activities and contributed to the waste of taxpayer dollars. Defense's Peace-

keeping and Stability Operations Institute is currently exploring the development of a technological solution for information sharing among the various agencies engaged in Afghanistan. State agreed with SIGIR that this is a problem requiring a new and innovative solution.

9. International Organizations Should Be Integrated Into SRO Planning

According to an April 2009 report by the Center for Strategic and International Studies and the Brookings Institution:

The number of international organizations and nongovernmental actors active in the field of development and reconstruction greatly overshadows the number of U.S. government personnel and resources devoted to the same field. The United States would not only be wise to leverage these international and nongovernmental resources, but it would be short-sighted to invest in grand plans to strengthen its own capacity without also considering the capacities existent beyond the U.S. government.⁶³

By signing the Rome Declaration on Harmonization, the Paris Declaration, and the Accra Agenda for Action, the United States reaffirmed the importance of coordinating with foreign governments in the planning and delivery of development assistance and its intention to cooperate with the international community to harmonize policies, procedures, and practices aimed at improving the effectiveness and

sustainability of development assistance. By extension, the practices promoted in those declarations are applicable, at least in part, to SROs.

The most important participant in an SRO is, axiomatically, the host country. SRO planning and execution should attempt to ensure maximum host country participation from the outset. Achieving such participation would prove salutary throughout the life of an SRO and, perhaps most important, at mission's end, when projects are transitioned to, and must be sustained by, the host country. In its comments to SIGIR, the State Department endorsed this proposal.

SRO doctrine, policy, and planning should be structured in anticipation of international participation. In developing SRO planning, training curricula, and systems, international involvement ought to be assumed. The political support embodied by an international coalition, as well as the usefulness of other nations' insights and funding, would prove invaluable in resolving the complex issues that arise during SROs.

10. Uniform Geopolitical Boundaries Should Be Implemented

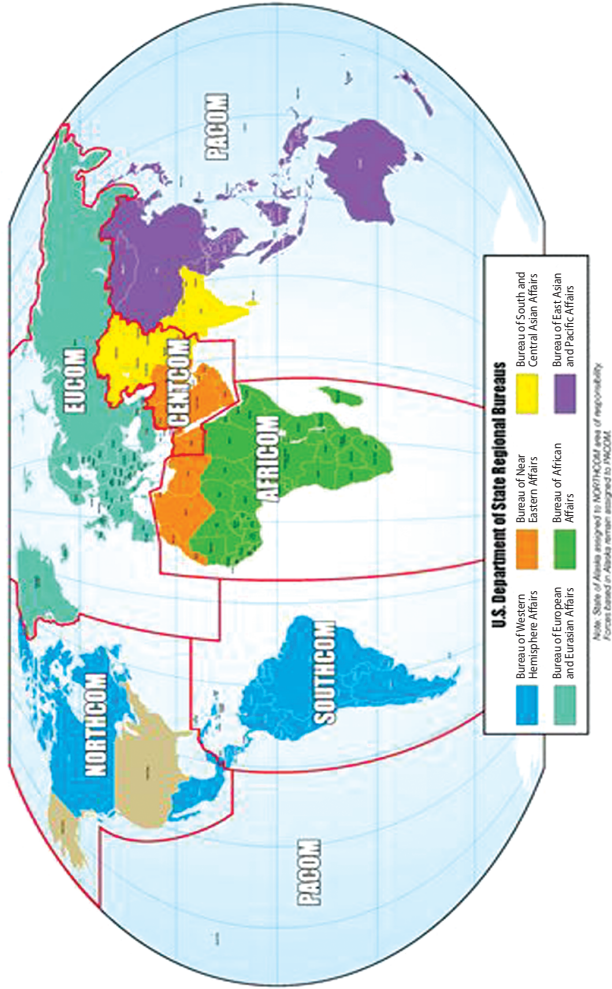
As the Center for Strategic and International Studies suggested, the U.S. government should develop:

a common U.S. government template for dividing the world into regions in order to reduce friction and unnecessary seams between agencies, and enhancing information sharing and collaboration among agencies working on shared missions.⁶⁴

The Administration should develop common boundaries for the manner in which Defense and State engage in their respective worldwide missions. Analyzing the same geopolitical situations from separate geographic boundaries could produce confusion and missed conclusions.

Figure 1 illustrates the problem, which should be fairly simple to fix.

FIGURE 1
U.S. Department of Defense Commanders' Areas of Responsibility



Part III: The U.S. Office for Contingency Operations: Improving the Planning and Management of Stabilization and Reconstruction Operations

The expansion of DoD's authorities and funding, driven by requirements in Afghanistan, Iraq and other conflict prone areas, have produced some notable successes in the past several years, but they have also stirred debate over U.S. government roles and missions that often required adjudication at [the level of the Secretaries of State and Defense]. These recurring debates have taxed the time and energy of our departments and do not meet our Nation's long term needs. My sense is that these requirements will be enduring ones given current and future security challenges.

—Secretary Robert Gates
December 2009⁶⁵

We must significantly modify organizational structures to achieve better unity of effort.

—General Stanley McChrystal
August 2009⁶⁶

The Rationale for USOCO

The creation of a new office to manage SROs—the U.S. Office for Contingency Operations—could significantly enhance SRO planning and execution. The seven-year Iraq stabilization and reconstruction program—the largest ever undertaken by the United States—began without a sufficiently established management structure capable of executing the unprecedented effort. In mid-2003, the U.S. government undertook a massive reconstruction mission—much larger than planned and now exceeding \$53 billion—with an *ad hoc* management system. Some projects met contract specifications, but the many unacceptable outcomes stemmed chiefly from the lack of a clear, continuing, and coherent management structure (as opposed to a paucity of resources or poor leadership).

Hard experience has shown that the United States did not have the financial, personnel, information technology, or contracting systems in place necessary to execute what became the most extensive and most expensive SRO in history. It is thus not surprising that the Iraq program failed to achieve its goals.

At the outset, there was no established plan and no existing and well-resourced office to manage the effort. Eventually, the Iraq reconstruction program devolved along with the security situation. Decisions were driven by circumstances, and the unstable security environment impeded progress on all fronts, preventing success. Notwithstanding these painful realities, some of which were perhaps unavoidable, a well-developed SRO plan and a sufficiently robust interagency management office could have implemented program adjustments that might have averted the waste of hundreds of millions of taxpayer dollars.

SIGIR squarely addressed this management weakness in its *Lessons in Program and Project Management* report:

The Congress should consider a “Goldwater Nichols”-like reform measure to promote better integration among Defense, USAID, and State, particularly with respect to post-conflict contingency operations. In 1986, the Goldwater-Nichols Act initiated a fundamental reorganization of the Department of Defense. As a result of this Act, U.S. forces increased cooperation and integration. It was not an easy process, but over the past twenty years, the United States has benefited greatly from the improved coordination among the military services. The Iraq experience illustrates the need to expand cooperation and integration across U.S. agencies, but most especially among Defense, State, and USAID. . . . The Congress should consider new legislation that could advance further cooperation among Defense, State, and USAID on post-conflict contingency reconstruction and relief planning and execution.⁶⁷

SIGIR’s book-length study, *Hard Lessons: The Iraq Reconstruction Experience*, reiterated and expanded upon this recommendation:

The role of executive authority—and the lack thereof—over interagency coordination lies at the heart of the failures in the Iraq reconstruction program. . . . The lack of unity of command in Iraq meant that unity of effort was seldom achieved. Too often, programs were designed to meet agency goals, rather than U.S. national interests. Stronger integration was needed not only between the military and civilian

agencies but also among the civilian agencies themselves. With weak interagency cooperation an endemic feature of the U.S. national security system, reform efforts should press for structures that will promote the development of unifying strategy with clearly delineated agency responsibilities and adequate authority to enforce its execution.⁶⁸

An integrated management structure is necessary to ensure effective interagency reconstruction efforts. After the reconstruction program got underway in 2003, at least 62 agencies ultimately became involved in managing [reconstruction] IRRF-funded projects. There were no interagency project management and information systems that could coordinate the activities of the hundreds of firms and subcontractors performing construction work orders at thousands of sites across Iraq. An integrated management structure could have helped to ensure that programs and projects were planned and executed with effective communication, control, and cooperation.⁶⁹

The disintegration of reconstruction management in Iraq occurred because no accountable, integrated, interagency management office existed to oversee and execute the reconstruction program. Creating USOCO could fill that void and potentially obviate the recurrence of the kinds of breakdowns so often experienced in Iraq.

Figure 2 graphically demonstrates the structural consequences of the U.S. government's improvisational approach to managing the early stages of the Iraq SRO.

The Importance of Functional Integration

Upon creation by the Congress, USOCO would become the locus for planning, funding, staffing, and managing SROs, replacing the fragmented process that now exists. Importantly, it would provide a single office whose sole mission is ensuring that the United States is ready to go when the next contingency occurs; and USOCO would provide someone to hold accountable for failures in planning and execution.⁷⁰ Currently, there is no single agency that devotes its entire mission to SROs. For State and Defense, they are but a small part of the departments' larger missions.

USOCO would streamline decision-making and eliminate the "lead agency" dilemma, which now causes departmental biases to affect SRO

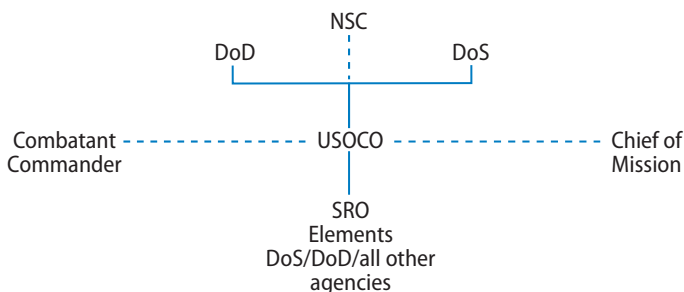
mission accomplishment. A senior NSC official observed that “*lead agency* really means *sole agency*, as no one will follow the lead agency if its directions substantially affect their organizational equities.”⁷¹ When a particular lead agency (State, Defense, or USAID) is put in charge, departmental bias can cause certain issues to become defined as a military, diplomatic, or assistance challenge, depending on which agency is in the lead. USOCO would bear none of these institutional prejudices.

As Secretary Clinton recently noted, “To exercise our global leadership effectively, we need to harness all three Ds—diplomacy, development and defense.”⁷² Regarding SROs, Defense has the capacity and resources, whereas State and USAID have the expertise but comparatively few resources.

USOCO could resolve this issue by closely linking its planning and operations with State, Defense, and USAID, bringing out the best-developed SRO aspects from each, while avoiding the “stovepiping” that tends to limit departmental action. USOCO would fit between and among State, Defense, and USAID, providing the integrative “glue” that SRO planning and execution currently lack. Because it impinges upon existing “turf,” USOCO, as a concept, will draw resistance. But the decision on whether to pursue the proposal should be shaped by a careful analysis of whether the current departmentalized system has the genuine potential to generate an integrated approach to planning and managing SROs.

Figure 3 shows how USOCO would fit within the broader U.S. government structure.

FIGURE 3
USOCO & THE U.S. GOVERNMENT:
 In the Event of a Declared Contingency Operation



A Novel Solution to an Enduring Problem

Sir Paddy Ashdown, who served as the High Representative for Bosnia and Herzegovina between 2002 and 2006, wrote of the need for innovative management structures to tackle modern contingency problems, observing that “new ways of structuring our actions and thinking about prevention, military intervention, and post-conflict reconstruction will require new structures and institutions in governments and international bodies.”⁷³ Ashdown recognized that there is a place for bold reform in SRO management.

To resolve the ongoing diffusion of SRO duties among Defense, State, and USAID (and other agencies), USOCO would bring together—under one roof—varied SRO mission elements, now spread among the departments, including:

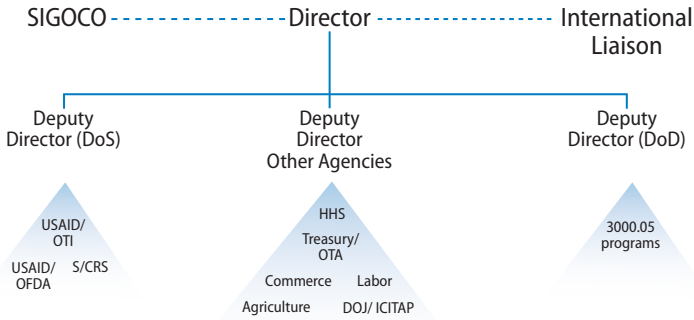
- S/CRS
- Defense initiatives established under its Stability Operations guidance
- USAID’s Office of Transition Initiatives (OTI)
- the Department of Justice’s International Criminal Investigative Training and Assistance Program (ICITAP)
- the Department of the Treasury’s Office of Technical Assistance (OTA)

USOCO would also develop close working relationships with the U.S. Army Corps of Engineers and USAID’s Office of Foreign Disaster Assistance, elements of which might work regularly within the new structure.

Key senior leadership positions within USOCO would include:

- **Director:** The USOCO Director would be a presidential appointee requiring Senate confirmation. Reporting is a sensitive issue, but options include dual reports to the Secretary of State and the Secretary of Defense (as is the case with SIGIR), with a possible limited additional report to the National Security Advisor.
- **Three Deputies:** USOCO Deputy Directors would also be presidential appointees requiring Senate confirmation. The Secretary of State, the Secretary of Defense, and the USAID Administrator each would

FIGURE 4
 USOCO: Internal Organizational Structure



recommend a senior executive to be nominated by the President and confirmed by the Senate.

- **Permanent Staff:** The Director and the three Deputies would determine USOCO staffing levels, but the number would likely not amount to more than 200. Detailees from Defense, State, and USAID would supplement permanent staff.
- **Embedded Field Cells:** USOCO cells should be positioned within Combatant Commands to work with the military on SRO planning.
- **Surge Personnel:** In the event of a declared SRO, pre-positioned field cells would immediately be reinforced with deployable elements drawn from permanent USOCO personnel as well as “ready reserve” experts from other federal departments and contractors.

Figure 4 outlines the internal organization of USOCO.

How USOCO Would Operate in a Contingency Environment

During an SRO, the USOCO Director would manage all stabilization and reconstruction assets. Importantly, the Director would shoulder complete accountability for, and responsibility over, the SRO’s budget, contracting, expenditures, and outcomes. The Director, though possessing authority over all program and project decision-making, would closely coordinate on needs and requirements with the Commanding General, the Chief of Mission, and the USAID Mission Director.

Leadership coordination was an issue in Iraq; integrated preparation and interagency exercises could help obviate the recurrence of such in future SROs. The USOCO Director would operate in close cooperation with other leadership in theater. Relief and reconstruction personnel, including those on detail or assigned from other agencies, would fall under the Director's aegis. Throughout the life of the contingency operation, USOCO staff would work closely on all SRO matters with State, USAID, and Defense, meaning transparent and consistent coordination and communication with the staffs of the Chief of Mission, the USAID Mission Director, and the Commanding General as well as with international organization and bilateral partners.

Conclusion: Occam's Razor⁷⁴ for SROs

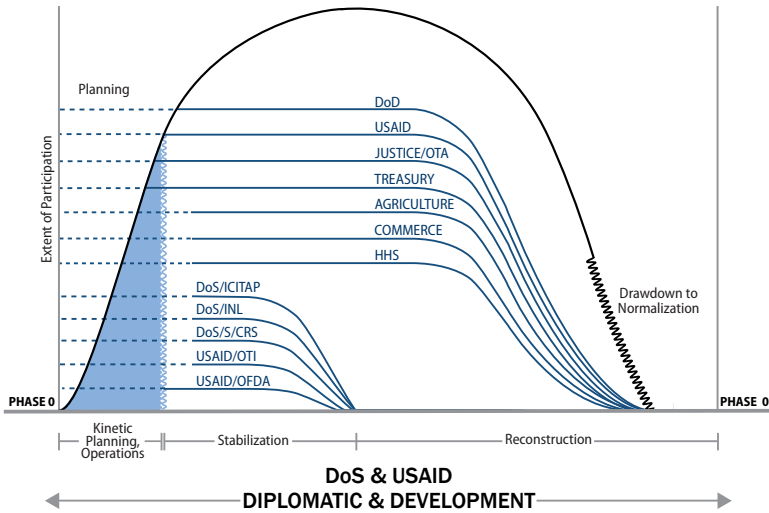
USOCO is a possible and plausible solution to the complicated and conflicted approaches afflicting current SRO management. As Figure 5 displays, various aspects of the SRO mission are now distributed among a wide variety of agencies whose capacity to carry out their diverse missions vary greatly. The existing Interagency Management System, established three years ago, requires a Country Reconstruction and Stabilization Group, an Integration Planning Cell, and Advance Civilian Teams; but none is effectively operational today. At its heart, the USOCO proposal does not call for creating yet another new organization to deploy people into the field to support an SRO. Rather, it unifies the work done to date into a synergistic capacity, amalgamating diverse elements into an agile civilian-military entity capable of leading successful SROs.

The consequences of not having a coherent SRO management system in Afghanistan were underscored in December 2009, when Ambassador Richard Holbrooke, the U.S. Special Representative for Afghanistan and Pakistan, made the following observation about the Afghanistan SRO, into which more than \$38 billion has already been invested:

The whole thing was uncoordinated and did not get us very far. The upshot is that in the ninth year of the war we are starting from scratch.⁷⁵

When briefed on the USOCO concept, former National Security Advisor Lieutenant General Brent Scowcroft concluded that an integrated

FIGURE 5
LIFE OF THE SRO ENGAGEMENT



management office like USOCO could help solve the chronic problem of poorly managed SRO operations. Former Ambassador to Iraq Ryan Crocker also found the concept worthy and sensible, as did former USAID Mission Director in Iraq James “Spike” Stephenson.

Recent SRO experiences make the time ripe for innovative reform of the current disintegrated approach. If established with alacrity, USOCO could potentially have a positive effect on the management of SROs in FY 2011. A recent RAND report noted that “Congress and the President [should] launch a debate on a fundamental reform of federal public administration in the national security sphere, focusing specifically on SSTR (stabilization, security, transition, and reconstruction) operations as the current [and] most pressing need.”⁷⁶ Creating USOCO should be part of that debate.

USOCO is a simple and straightforward remedy to a chronic and complex problem. It could solve the most enduring challenge that has confronted recent SROs: the lack of unity of command. While building on existing capacities and implementing lessons learned, USOCO would

accomplish some important new things. First, it would simplify and streamline U.S. government operations by answering the question of who is in charge of preparing for and executing stabilization and reconstruction operations. Second, it would create a clear point of accountability for the success or failure of SROs. Third, it would create an institution within which a core cadre of professionals could develop and refine the skills and expertise necessary for the U.S. government to plan and manage SROs effectively. Finally, and most importantly, it would improve mission coherence, management integration, unity of command, and unity of effort. Creating USOCO would increase the likelihood of an SRO's success, which must be the principal touchstone of any proposed SRO reform.

**Appendix:
Departments of State and Defense Comments
on Draft of this Paper**



THE UNDER SECRETARY OF DEFENSE
2000 DEFENSE PENTAGON
WASHINGTON, DC 20301-2000

JAN 27 2010

MEMORANDUM FOR SPECIAL INSPECTOR GENERAL FOR IRAQ
RECONSTRUCTION (SIGIR)
(ATTN: STUART W. BOWEN, JR., INSPECTOR GENERAL)

SUBJECT: Comments on Draft White Paper, *Applying Iraq's Hard Lessons*

First, let me extend my sincere thanks to you for allowing us to comment on the draft of *Applying Iraq's Hard Lessons*. I hope that you will find these written comments helpful as we move forward to capitalize on valuable contributions of the SIGIR lessons learned initiative. It's my understanding that Jim Schear, Deputy Assistant Secretary of Defense for Partnership Strategy and Stability Operations (PS&SO), has provided you detailed substantive comments on an earlier draft, so I'll address what I believe to be the highlights here.

The paper correctly identifies under-funding, lack of capacity, and lack of authorities at the Department of State and U.S. Agency for International Development as the central obstacle to an effective and flexible U.S. Government response to Stability and Reconstruction Operations (SRO). Since the issue is chiefly one of capacity and resources as opposed to structure, a key solution would be to fix and resource existing institutions rather than to create a new one. Congressional support for creating a new agency such as U.S. Office for Contingency Operations (USOCO), as proposed in the paper, in today's fiscally constrained environment seems unlikely.

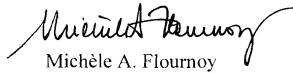
Furthermore, since the vast majority of authorities abroad are vested with either the Combatant Commander or the Chief of Mission, it's not apparent how an additional organization solves the unity of command issues, or clarifies accountability for the success or failure of SROs. Creating unity of "command" by changes to Title 10 and 22 may not be necessary. Unity of effort, such as the interagency unity of effort achieved in Plan Colombia, may be sufficient.

This raises another important question. How does the United States engage in a preventive mode while operating in a continuum of fragile and failing states? USOCO's mission, as proposed, would be narrowly confined to "overseas contingency operations." In addition to contingency operations, reforms should also address preventative measures during Phase 0 or steady state operations. The areas of reconstruction, providing services, and building institutional capacity should all be part of the equation. Unless the organization is used on a routine basis to resolve problems as they arise, in many cases, once a contingency operation is initiated, it's simply too late to be a relevant contributor.



In conclusion, I believe that we should mitigate the weaknesses identified in the SIGIR paper by focusing our efforts on strengthening existing institutions, and making a convincing argument to Congress as to why USAID, DoS, and other agencies should receive adequate resources to more effectively execute SROs.

Again, thank you for providing the opportunity to contribute to this review. I've asked Jim Shear to continue to provide assistance to SIGIR as these recommendations are further developed. I trust you'll find our input helpful, and I look forward to our further collaboration.



Michèle A. Flournoy

United States Department of State

The Deputy Secretary of State

Washington, D.C. 20520

Dear Mr. Bowen:

Thank you for your comprehensive and timely report on the challenges that we face in ongoing stabilization and reconstruction efforts based on your experiences as the Special Inspector General for Iraq Reconstruction. I take very seriously the observations identified in your draft and will discuss below a number of points that should be considered in your final report. I want to reassure you, moreover, that the Quadrennial Diplomacy and Development Review (QDDR) is examining the full range of options designed to address these challenges and that your suggestions will receive due consideration.

As the State Department has learned over the decades, there is no “one size fits all” solution, but rather continuing needs to find interagency cooperation arrangements that tap the strengths of the various arms of the American government. In the spirit of the Goldwater-Nichols Act and in our experience with the Iraq Joint Campaign Plan and the Integrated Civilian Military Campaign Plan for Afghanistan, inter-agency coordination works best when it is closest to actual operations.

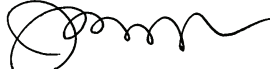
I encourage you to consider the enclosed general comments for incorporation into the final draft of your report. In particular, and as I will discuss in the enclosure, the proposal to establish a U.S. Office for Contingency Operations (USOCO) is an interesting one, but seems problematic on several fronts. These include the role of the Secretary of State and the State Department regional bureaus in setting and leading foreign policy, the need to develop tools and capabilities that allow the United States to meet myriad foreign policy challenges that include but are larger than the stabilization and reconstruction operations, and the need to ensure continuity as crises evolve, including conflict prevention, response and reconstruction. With these important concerns in mind, the QDDR process is taking up the task of identifying how the lines of authority

Mr. Stuart W. Bowen, Jr.,
Inspector General,
Special Inspector General for Iraq Reconstruction,
400 Army Navy Drive, Suite 600,
Arlington, Virginia 22202.

and responsibility can be made clearer among civilian agencies and between civilians and the military.

I look forward to continuing this discussion with you on how better to prepare the United States for responding to these complex challenges, and I hope that our QDDR team can continue to benefit from your thoughtful analysis and recommendations.

Sincerely,



Jacob J. Lew

Enclosure:

As stated.

State Department Analysis of Draft SIGIR Report

Part I of the draft provides a useful chronology of relevant steps taken by the U.S. government during the past fifteen years to improve its capacity to undertake reconstruction and stabilization operations. There are important gaps, however, especially related to progress that has recently been made in civil-military relations, integrated planning, and whole-of-government approaches. For example, the two sources relied on most heavily in the draft for evidence of S/CRS's challenges and failures, "In the Wake of War" and "Beyond Goldwater-Nichols," were released in 2005. We recommend augmenting the current draft with more recent information.

The framework of the chronology would be strengthened by recognizing the time necessary for required change. Although the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) was established in 2004 and supported with limited funding from the Secretary's office, S/CRS was formalized by Congress in October 2008 under the Reconstruction and Stabilization Civilian Management Act of 2008 (RSCMA). Initial funding for the Civilian Stabilization Initiative was received under the 2008 supplemental and the first regular funding was received in FY 2009, with continued funding in FY 2010. S/CRS has been charged with developing and establishing a coordinated whole-of-government response capability to deal with R&S crises. This effort is similar in scope to that required of the Department of Defense under the Goldwater-Nichols Act, which took nearly a decade to fully implement. Providing a similar frame to the chronology would provide valuable context to the steps that have been take to date.

The chronology also does not take into account recent strides in developing a new approach to civilian-military joint planning. In particular, the report does not reflect the efforts in Afghanistan to build the structures of a true civil-military partnership. This partnership is built on improved civilian-military planning and implementation of a whole-of-government strategy. In August 2009, Ambassador Eikenberry and General McChrystal jointly signed the USG Integrated Civilian Military Campaign Plan for Afghanistan. This document, and the Embassy-led integrated process to develop and implement it through daily cooperation, far surpasses previous examples of civilian input into military planning. In addition, the Embassy has established civilian platforms to partner with the military at the division, brigade, and provincial levels, and is pioneering district-level civ-mil teaming to fully implement an integrated approach to the challenges the U.S. faces in Afghanistan.

This partnership, and the new approach in Afghanistan, is made possible by a significant commitment to building civilian capacity for stabilization and reconstruction operations (SROs). This has involved learning core lessons from Iraq, earlier efforts in Afghanistan, as well as smaller complex missions in Haiti, Kosovo, and throughout Africa. As a result, we have improved recruitment and selection of direct hire and temporary-hire staff (under Title 5 USC 3161); introduced an in-depth pre-deployment program, including field training; and accessed critical stabilization and reconstruction operations skill sets in the growing Civilian Response Corps, led by S/CRS, and drawn from eight agencies.

S/CRS and USAID's Democracy Conflict and Humanitarian Affairs (DCHA) bureau have partnered with the Special Representative for Afghanistan and Pakistan (S/SRAP) to build best practices of planning, assessment, staffing, programming, and execution into mission training and within leading offices in the mission. In 2009, S/CRS deployed over 65 members of the Civilian Response Corps and S/CRS staff to support Embassy Kabul and the civilian increases in Afghanistan. These SRO experts integrated into the Embassy and military regional headquarters to help improve and synchronize our civilian and military planning, execution, and assessment efforts. These civilian responders also facilitated the development of the Integrated Civilian-Military Campaign Plan and continue to monitor its progress. Pilot CRC teams and planners are deployed to ensure that the Embassy's focus and priorities are further integrated with military efforts in provinces and districts, reinforcing the civ-mil partnership at every level.

Structural changes at the Embassy to consolidate resource and planning decision-making under an Executive Working Group and the special role of Ambassador Tony Wayne are based on lessons learned from Iraq and earlier SIGIR efforts. The Embassy has also been quick to call on S/CRS and USAID for specialized tasks- recognizing the dynamic and changing nature of the mission. This has included fielding special teams to support the Afghan elections process, strategic communications implementation and assistance to improve the Afghan government's capacity to prioritize, execute and monitor the Afghan National Development Strategy. USAID has further facilitated the goal of focusing activity at the local level by introducing tactical assessment systems and by placing resource decisions with forward deployed teams.

While the full impact of these changes may not be fully evident for some time, they deserve to be taken into account in a review of SROs. Moreover, they also speak to the need to strengthen and augment existing structures and processes

such as the role of the Embassy Country Team and the policymaking role of the State Department in Washington vice creating new mega structures.

Other positive steps include the impact of increased staffing of both Department of State and USAID officers at military headquarters such as Geographic Combatant Commands and key service components. This has already created opportunities for collaboration and significantly strengthened the foreign policy leadership of the Secretary of State in critical responses. Civilians and the military are increasing their work together to address stabilization and reconstruction challenges in countries ranging from the Democratic Republic of Congo, the Philippines, and Haiti.

Over the course of 2009, the Department of State led the interagency to develop a new strategy for assistance to Haiti in support of long-term stability and sustainable growth. Following the tragic earthquake of January 12, 2010, State established a planning team to examine how to transition from immediate humanitarian relief to longer term recovery and reconstruction. This effort continues to draw on the planning expertise of S/CRS and the participation of the wide range of civilian agencies.

Part II of the report offers “Ten Fundamental Reforms Necessary to Improving Stabilization and Reconstruction Operations.” Addressing them individually:

1. The NSC Should Lead SRO Doctrine and Policy Development. The NSC currently has the lead on this issue. The NSC’s Reconstruction and Stabilization Interagency Policy Committee (R&S IPC) serves as the venue for discussions of reconstruction and stabilization policy and doctrine.

2. An integrative SRO planning process should be developed. We believe that the U.S. government’s Planning Framework for Reconstruction, Stabilization and Conflict Transformation, implemented in March 2007, provides a set of guiding principles for a whole-of-government response that is currently being applied in Afghanistan.

3. A new SRO budgeting process should be developed. The President’s budget includes a \$100 million Complex Crisis Fund that will provide the State Department with flexible funding to foster stability in countries coming out of crisis. This represents a decision to transition funding

for this purpose from the Department of Defense's "1207" program and to place the authority with the State Department and USAID.

4. Federal personnel laws should be strengthened to Support SROs.

We support this recommendation to strengthen federal personnel laws. The Reconstruction and Stabilization Civilian Management Act of 2008 (RSCMA) includes language that authorizes the same benefits for Civil Service members of the Civilian Response Corps as is afforded the Foreign Service. The Office of Personnel Management is also currently leading a USG task force to address those issues. The House Foreign Affairs Committee has also included language in HR2410 that will expand the definition of personnel for the purposes of the Civilian Response Corps to include local nationals and personal services contractors, which will permit the inclusion of additional critical skill sets in responding to reconstruction and stabilization crises. In addition, the State Department's Quadrennial Diplomacy and Development Review process will make recommendations on other human resources improvements that will make a significant difference going forward.

5. A consolidated SRO training center should be created.

We agree with this recommendation. The Department of State, USAID, and DOS are leading efforts to enhance consolidated training through the Reconstruction and Stabilization IPC. Such training will be vital to preparing Civilian Response Corps members for deployment. Implementation to date has included the launch of four newly designed courses, the agreement to use nine existing courses, and the completion of the largest ever civil-military, reconstruction and stabilization focused exercise (Austere Challenge 2009). These efforts have been the product of collaboration among a variety of training institutions including the Foreign Service Institute, Diplomatic Security, the National Defense University, the U.S. Institute of Peace, the Center for Stabilization and Reconstruction Studies at the Naval Postgraduate School, and the Center for Complex Operations.

6. Uniform contingency contracting practices should be adopted.

The QDDR process is currently reviewing contracting practices and will make recommendations for improvement.

7. Permanent Oversight for SROs should be created.

We fully support the activities of the State Department's Office of Inspector General (IG) and the work of the IGs in USAID and Defense. These IGs have

regularly coordinated their work with SIGIR's office and with the Special IG for Afghanistan Reconstruction to reduce duplication and provide comprehensive oversight because crises are not one event, but rather evolving situations that require a continuum of oversight. We support the existing IGs maintaining their roles with oversight of SROs, fully supported by Congress with additional resources.

8. Uniform SRO information systems should be developed.

There is merit to the recommendation that all foreign affairs agencies should have compatible (and to the extent possible) similar information systems regardless of whether they are engaged in SRO or non-SRO activities. Each department should be provided with the necessary funding to develop such databases. These databases, though costly to build and maintain, are an important tool in the oversight of taxpayer dollars. Currently in Afghanistan, the Embassy, USAID Mission, and ISAF military HQs, are working together to improve information technology compatibility and sharing.

9. Uniform geopolitical boundaries should be implemented.

There is an interagency process led by the NSC to address the USG's ability to act regionally in a variety of contexts.

10. International organizations should be integrated into SRO planning.

We agree that the USG should reach out to its international counterparts when practicable to increase partnering in planning for, executing and learning from stabilization operations. This is first and foremost a State Department and USAID function, and S/CRS and our International Organizations Bureau are doing just that, collaborating with organizations such as the EU, the UN, the World Bank, and the AU, in addition to bilateral collaboration. The President's recent Peace Operations initiative, which includes civilian and civil-military peace-building operations, has strengthened this activity at State.

In October 2009, S/CRS hosted experts from 12 countries (Australia, Canada, Denmark, Finland, France, Germany, Italy, Japan, Norway, Sweden, Switzerland, and the United Kingdom) and from four international organizations (the UN, European Union, World Bank, Organization for Security and Co-operation in Europe) to discuss practical steps to achieve greater cooperation and interoperability among R&S actors. For the same purpose, in November, the S/CRS Coordinator met with partners from S/CRS' counterparts in Australia, Canada, Germany, Netherland, and the United Kingdom, countries that have established civilian expert capabilities and

whole-of-government tools similar to the U.S. Civilian Response Corps, to prevent and respond to international crises.

Analysis of Part III: Proposal for USOCO

The proposal in Part III of the paper to create a U.S. Office for Contingency Operations (USOCO) also contains many useful ideas, but the totality of the USOCO concept seems problematic on several fronts:

- 1. Policy and Resource Guidance:** The regional bureaus at the Department of State and USAID support the Secretary of State in the development and oversight of regional and country-specific policy. The USOCO, as described in the draft report, would be disconnected from these regional bureaus. This separation could pose significant challenges for ensuring SRO operations support and implementation of U.S. foreign policy goals.

The report proposes robust resource decision-making authority for the USOCO director, in order to address past resource management problems. We agree with the need to ensure effective management of all U.S. resources. The Deputy Secretary of State for Management and Resources is currently engaged in a thorough review of both State and USAID resource management systems via the QDDR process, and is in frequent communication with the Department of Defense to address the coordination and resource issues mentioned in the report.

- 2. Narrow Focus:** The focus on SROs takes an overly narrow view of the challenges that face U.S. foreign policy in the coming years. The United States will need tools and systems to engage on the full spectrum of weak and failing states through conflict and crisis prevention activities, and potentially undertaking small, medium and large-scale operations. This includes a number of regions, countries, and issues that may not receive or need increased USG funding for programs and projects, but that still require an integrated and well-thought-out USG approach. Even in larger-scale scenarios, programs and projects represent only a fraction of an overall SRO, and the integration of diplomacy, development, and defense must cut across all aspects of USG activity.
- 3. Continuity:** A fundamental weakness of the USOCO proposal is the assumption that “stabilization and reconstruction assets” can easily be demarcated. In a stabilization and reconstruction operation, determining which efforts fall under the USOCO Director’s control vice that of the Chief

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of Mission's, USAID Mission Director's, or military commander's would be arbitrary. SRO (and non-SRO) elements should not be separated from our diplomatic, development, and defense activities. In particular, there would be serious challenges for a situation that switches leadership mid-program because a crisis has been declared, or has evolved into, an SRO. Rather than establishing a new structure outside of the Department of State and USAID, the QDDR is examining how to strengthen existing response management systems.

Endnotes

For a listing of key reports, monographs, and other publications that were reviewed in the process of developing this white paper, please see www.sigir.mil/applyinghardlessons/.

1. Letter from Thomas Jefferson to Samuel Kercheval, July 12, 1810. Part of this quotation is on Panel Four of the Jefferson Memorial. See www.monticello.org/reports/quotes/memorial.html.
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13. Nina Serafino and Martin Weiss, *Peacekeeping and Post-Conflict Capabilities: The State Department’s Office for Reconstruction and Stabilization*, CRS Report for Congress, January 19, 2005, p. 5, <http://digital.library.unt.edu/govdocs/crs/permalink/meta-crs-7335:1>.
14. See the Appendix for State’s full comments on the draft of this paper.
15. In September 2009, Department of Defense Instruction 3000.05 replaced Defense Directive 3000.05 and outlined Defense policy on stability operations.
16. Dane F. Smith, *An Expanded Mandate for Peace Building: The State Department Role in Peace Diplomacy, Reconstruction, and Stabilization*, CSIS, April 30, 2009, p. 39.

17. National Security Presidential Directive/NSPD-44, December 7, 2005, www.fas.org/irp/offdocs/nspd/nspd-44.html.
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19. DoS, "National Security Presidential Directive-44: Frequently Asked Questions," S/CRS website, www.crs.state.gov/index.cfm?fuseaction=public.display&shortcut=49QT.
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Acronyms

ACT	Advance Civilian Team (Interagency Management System)
CCO	Center for Complex Operations (DoD)
CEW	Civilian Expeditionary Workforce
CMCP	Civil-Military Cooperation Policy
CPA	Coalition Provisional Authority
CSI	Civilian Stabilization Initiative (S/CRS)
CRSG	Country Reconstruction and Stabilization Group
CSIS	Center for Strategic and International Studies
Defense	U. S. Department of Defense
DoD	U.S. Department of Defense
DoS	U.S. Department of State
FAR	Federal Acquisition Regulation
GAO	Government Accountability Office
HHS	U.S. Department of Health and Human Services
ICITAP	International Criminal Investigative Training Program (U.S. Department of Justice)
IG	Inspector General
IMS	Interagency Management System
INL	Bureau of International Narcotics and Law Enforcement Affairs (DoS)
IPC	Integration Planning Cell (Interagency Management System)
IRFF	Iraq Relief and Reconstruction Fund
IRMO	Iraq Reconstruction Management Office (DoS)

IT	Information Technology
NDAA	National Defense Authorization Act
NSC	National Security Council
NSPD	National Security Presidential Directive
OFDA	Office of U.S. Foreign Disaster Assistance (USAID)
OMB	Office of Management and Budget (Executive Office of the President)
ORHA	Office of Reconstruction and Humanitarian Assistance
OTA	Office of Technical Assistance (Department of the Treasury)
OTI	Office of Transition Initiatives (USAID)
PCO	Project and Contracting Office (DoD)
PDD	Presidential Decision Directive
PSD	Presidential Study Directive
QDDR	Quadrennial Diplomacy and Development Review (DoS/USAID)
RSCMA	Reconstruction and Stabilization Civilian Management Act of 2008
S/CRS	U.S. Department of State Office of the Coordinator for Reconstruction and Stabilization
SIGOCO	Special Inspector General for Overseas Contingency Operations
SRO	Stabilization and Reconstruction Operation
SSTR	Stability, Security, Transition and Reconstruction
State	U.S. Department of State
USAID	U.S. Agency for International Development
USOCO	U.S. Office for Contingency Operations

